

Message Text

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21

ACTION NEA-09

INFO OCT-01 EUR-12 EA-06 ISO-00 IO-10 FEA-01 AEC-05 AID-05

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R 080941Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1893

INFO AMEMBASSY BEIRUT

AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A

TAGS: ENRG KU

SUBJECT: GOK EFFORTS TO SELL CRUDE

1. GOK APPEARS TO BE STEPPING UP EFFORTS TO SELL KUWAITI CRUDE
DIRECTLY IN WAKE NEW PRICE AGREEMENTS FOLLOWING RECENT OPEC
MEETING. ONE SENIOR MINISTRY FINANCE AND OIL OFFICIAL TOLD
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AMBASSADOR OIL SALES PRESENTLY HIS PRIORITY ASSIGNMENT.

2. MOST SIGNIFICANT DISCUSSIONS PRESENTLY UNDERWAY OF WHICH WE AWARE ARE BETWEEN SHELL AND GOK. NOT SURE WHERE NEGOTIATIONS STAND, AND WE NOTE THAT PREVIOUS TALKS HAVE NOT RESULTED IN MAJOR DIRECT SALE BY GOK TO SHELL. BUT AS ADDRESSEES AWARE LONG STANDING AGREEMENT BETWEEN GULF OIL COMPANY AND SHELL WHEREBY LATTER BOUGHT ROUGHLY ONE-THIRD GULF'S TOTAL SHARE BEING TERMINATED. MINISTRY FINANCE AND OIL SOURCE TOLD EMBOFF MINISTRY OFFICIALS PRESENTLY DEEPLY INVOLVED IN SHELL NEGOTIATIONS. SHELL (US) ALSO KNOWN TO BE INTERESTED IN PURCHASING KUWAITI OIL.

3. OTHER NOTEWORTHY RECENT SALES AGREEMENTS INCLUDE ONE WITH BRAZIL (REPORTED IN KUWAIT 0011 (NOTAL) WHEREBY GOK WILL SELL 60,000 BPD DURING 1975 AND TWICE THE LEVEL IN 1976 TO PETROBRAS AND, ACCORDING PRESS REPORTS, 10,000 BPD TO JAPAN'S MARUZEN OIL COMPANY. OTHER DIRECT PURCHASERS INCLUDE NATIONAL COMPANIES IN TAIWAN AND THE PHILIPPINES.

4. COMMENT: WE BELIEVE GOK WILL GRADUALLY INTENSIFY ITS SALES ACTIVITIES. RECENT CHANGES HAVE NARROWED GAP BETWEEN PRICES BP AND GULF CAN CHARGE AND THOSE BEING ASKED BY GOK. ACCORDING TO PRESS REPORT MARUZEN WILL PAY 93 PERCENT OF POSTED PRICE OR \$10.35 PER BARREL. AS KUWAIT OIL, GAS AND ENERGY COMPANY BEGINS FUNCTIONING OVER NEXT YEAR OR SO, CRUDE SALES WILL BE HANDLED BY IT AND NOT DIRECTLY BY MINISTRY FINANCE AND OIL. KOGEC PRESUMABLY WILL BE ABLE DEVOTE MORE CONCENTRATED ATTENTION ON DIRECT SALES. WE THINK, THEREFORE, THAT NEAR TERM TREND WILL RESULT IN SIGNIFICANT INCREASE DIRECT SALES BY GOK OF CRUDE OIL.
STOLTZFUS

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